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TI NORTH AMERICA COMPUTERS-SOFTWARE & SERVICES: UPDATE
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CS MORGAN STANLEY, DEAN WITTER; NEW YORK (STATE OF)
CSR MID-ATLANTIC/MIDDLE ATLANTIC REGION; UNITED STATES OF AMERICA; NORTH AMERICA
CSTY Financial center investment bank-broker
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SH First Data Summary

TEXT

2) FIRST DATA (FDC, \$41.88, Strong Buy, \$70 Price Target)

-On 3/17, Ric Duques, FDC chairman and CEO, and Barbara Marxer, director of investor relations, participated in the conference. CEO Duques expressed a high degree of confidence in the company's 2000 earnings per share target range of \$1.95-\$2.02. He reiterated his objective to achieve 13-16%, long-term organic revenue and earnings gains, highlighting the superior, 20% top-line growth potential of

Western Union. Driving Western Union's continued rapid expansion should be 50% growth potential from its international business. In 1999, **Western Union** international approximated 12% of total company revenue.

-CEO Duques highlighted three strategic, e-business priorities. For one, enable existing customers to move to e-commerce. Second, expand into adjacent markets such as P2P (**person to person**) and B2B.

Third, make venture investments in companies enabling **electronic payments** through new products and services. At current market prices, FDC's investment portfolio approximates \$800 million, 80% of which will be in CheckFree stock (once the TransPoint/CheckFree merger closes). FDC also holds minority stakes in: 1) Reciprocal; 2) Coolsavings.com; 3) Yclip; 4) Passlogix; 5) MeetChina.com; 6) and Excite@Home.

-For the first time, CEO Duques sketched a timetable to introduce important new **Internet payment** processing products. In early June, 2000, **Western Union** will roll out an Internet money transfer product, called "SettleUp.com." **Western Union** will distribute this service through all major portals. This service may leapfrog recently announced competitive offerings that will be distributed by individual banks. Second, during 3Q/00, management expects to announce major new initiatives that would provide the payment infrastructure for B2B exchanges. FDC intends to be the premier architect of B2B **payment**

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solutions supporting the **Internet** marketplace. FDC will likely leverage its relationships with two million merchants for whom the company moves \$1.3 trillion annually through the ACH system.

-Management is holding conversations with potential technology and financial partners to enable direct, **electronic payment** of wireless

bills by consumers to wireless providers. Meanwhile, FDC suggested it may also create an **Internet payment** processing utility.

FDC would

likely partner with a "trust utility" to offer secure **payment** processing on the **Internet**. Such potential partner would offer remote

authentication and digital certificates.

CT PROJECTIONS; SALES/EARNINGS; EARNINGS PER SHARE; CORPORATE STRATEGY;
MANAGEMENT; INVESTMENT RECOMMENDATION; VALUATION; COMPANY ANALYSES